GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2676
ANSWERED ON:05.12.2002
RESTRUCTURING OF MRPL
UMMAREDDY VENKATESWARLU

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether ONGC has made any necessary financial arrangements for the restructuring of MRPL;

(b) if so, the cost of such restructuring for ONGC;

(c) the benefits to ONGC from this huge expense;

(d) whether ONGC expects to get back adequate returns for this investment; and

(e) the details of plans of ONGC to obtain a fair return for its huge investment in MRPL, especially the latest restructuring costs proposed by ICICI?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS AND MINISTER OF STATE IN THE MI OF PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a) & (b) Yes, Sir. The cost for ONGC includes Rs.59.43 crore for acquisition of entire shareholding of Aditya Birla Group in MRPL and Rs.600 crore towards infusion as additional equity.

(c) to (e) ONGC expects internal rate of return of over 17% for its investment in MRPL. Acquisition of MRPL by ONGC will enabl ONGC to set up the retail outlets sanctioned to it under the marketing rights for transportation fuels. Further, owning and operating of MRPL refinery by ONGC would make it a vertically integrated oil company.